



1 shall never exceed the rates and brackets set forth in Title 47 of the Louisiana  
 2 Revised Statutes on January 1, 2003. Federal income taxes paid shall be allowed as  
 3 a deductible item in computing state income taxes for the same period. **There shall**  
 4 **be no refundable credit allowed against any Louisiana income or corporation**  
 5 **franchise tax for ad valorem taxes paid to political subdivisions on or after**  
 6 **January 1, 2016, on inventory held by manufacturers, distributors, and retailers**  
 7 **except, as provided in R.S. 47:6006, for taxpayers whose ad valorem taxes paid**  
 8 **to all political subdivisions in the taxable year was less than ten thousand**  
 9 **dollars. However, any unused portion of the credit may be carried forward as**  
 10 **a credit against subsequent tax liability for a period not to exceed five years.**

11 \* \* \*

12 §10. Expenditure of State Funds

13 Section 10.

14 \* \* \*

15 (F) Projected Deficit.

16 \* \* \*

17 (4) The provisions of Subparagraphs (1) and (2) of this Paragraph shall not  
 18 be applicable to, nor affect:

19 \* \* \*

20 **(h) The Local Investment Fund as provided in Article VII, Section 10.15**  
 21 **of this constitution.**

22 \* \* \*

23 **§10.15. Local Investment Fund**

24 **Section 10.15.(A) There is hereby created as a special fund within the**  
 25 **state treasury the "Local Investment Fund", hereinafter referred to as the**  
 26 **"fund".**

27 **(B) Annually, beginning in Fiscal Year 2017-2018, the lesser of (1) the**  
 28 **sum of five hundred million dollars or (2) fifteen point six hundred twenty-five**  
 29 **percent of the total state sales and use tax revenues generated during the second**

1 immediately preceding fiscal year under the provisions of R.S. 47:302, 47:321,  
2 and 47:331 at the rates and bases existing as of June 30, 2015, as certified by the  
3 Revenue Estimating Conference as actual collections no later than December  
4 31 of the immediately preceding calendar year shall be allocated from the state  
5 general fund to the fund. The legislature may appropriate additional sums to  
6 the fund. All unexpended and unencumbered monies in the fund at the end of  
7 the fiscal year shall remain in the fund. The monies in the fund shall be invested  
8 by the state treasurer in the same manner as monies in the state general fund,  
9 and all earnings on investment of the fund shall be deposited into the fund.

10 (C) The fund shall be distributed annually as provided by law solely on  
11 the basis of the total assessed value of other property as classified under Article  
12 VII, Section 18 of this constitution in each parish in proportion to the total  
13 assessed valuation of other property as classified under Article VII, Section 18  
14 of this constitution throughout the state. Unless otherwise provided by law, the  
15 assessed valuations for the immediately preceding calendar year, as reported  
16 to the Louisiana Tax Commission or its successor, shall be utilized for this  
17 purpose. After deductions in each parish for retirement systems and  
18 commissions as authorized by law, the remaining funds, to the extent available,  
19 shall be distributed to the tax recipient bodies, as defined by law within the  
20 parish, to help offset a portion of the revenue loss due to the exemptions under  
21 Article VII, Section 21(C)(20) and (21) of this constitution. For purposes of this  
22 Paragraph, other property as classified under Article VII, Section 18 of this  
23 constitution shall include property exempt under Article VII, Section 21(C)(20)  
24 and (21) of this constitution.

25 (D) The funds distributed to each parish as provided in Paragraph (C)  
26 shall be distributed in Orleans Parish by the city treasurer of New Orleans and  
27 in all other parishes by the parish tax collector, who each shall disburse the  
28 funds in accordance with a schedule prepared by the parish assessor, as  
29 provided by law.



1 properly reported to parish assessors in accordance with procedures prescribed  
2 by the Louisiana Tax Commission or its successor.

3 (21) Vessels, including ships, oceangoing tugs, towboats, and barges,  
4 principally operated in Outer Continental Shelf Lands Act Waters that are  
5 properly reported to parish assessors in accordance with procedures prescribed  
6 by the Louisiana Tax Commission or its successor. "Outer Continental Shelf  
7 Lands Act Waters" shall include all waters above all submerged land seaward  
8 and outside of the area of state submerged lands beneath navigable waters as  
9 defined in the Submerged Lands Act, 43 U.S.C. §1301 et seq. The term shall  
10 further include all waters above Outer Continental Shelf submerged lands to  
11 which the Outer Continental Shelf Lands Act of Title 43 U.S.C. §1331 et seq.  
12 applies.

13 Section 2. Be it further resolved that this proposed amendment shall become effective  
14 January 1, 2017.

15 Section 3. Be it further resolved that this proposed amendment shall be submitted to  
16 the electors of the state of Louisiana at the statewide election to be held on November 8,  
17 2016.

18 Section 4. Be it further resolved that on the official ballot to be used at said election  
19 there shall be printed a proposition, upon which the electors of the state shall be permitted  
20 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as  
21 follows:

22 Do you support an amendment to eliminate refundable income and corporate  
23 franchise tax credits for ad valorem taxes paid to political subdivisions on  
24 inventory held by manufacturers, distributors, and retailers on or after  
25 January 1, 2016, except as provided in R.S. 47:6006; exempt from property  
26 tax inventory held by manufacturers, distributors, and retailers and vessels  
27 principally operated in Outer Continental Shelf waters that are properly  
28 reported to parish assessors; to establish the Local Investment Fund,  
29 (hereinafter, the "Fund"); to dedicate certain state tax revenues to the Fund

- 1 in order to help offset a portion of the tax recipient bodies' revenue losses  
 2 attributable to the exemptions; and to prohibit monies in the Fund from being  
 3 used or appropriated for other purposes when adjustments are made to  
 4 eliminate a state deficit?  
 5 (Adds Article VII, Sections 10(F)(4)(h), 10.15, and 21(C)(20) and (21))

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The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Ben Huxen.

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## DIGEST

SB 16 Original

2016 First Extraordinary Session

Allain

Present law allows a refundable income or corporate franchise tax credit for ad valorem property taxes paid on:

- (1) Inventory held by manufacturers, distributors, and retailers, and on natural gas held, used, or consumed in providing natural gas storage services or operating natural gas storage facilities.
- (2) Vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters.

Proposed constitutional amendment eliminates all refundable income and corporate franchise tax credits for ad valorem taxes paid to political subdivisions on inventory held by manufacturers, distributors, and retailers on or after January 1, 2016, except for taxpayers whose ad valorem taxes paid to all political subdivisions in the taxable year was less than \$10,000. However, any unused portion of the credit may be carried forward as a credit against subsequent tax liability for a period not to exceed five years.

Proposed constitutional amendment exempts (1) inventory held by manufacturers, distributors, and retailers ("inventory") and (2) vessels, including ships, oceangoing tugs, towboats, and barges, principally operated in Outer Continental Shelf Lands Act Waters ("vessels") from ad valorem property taxes.

Proposed constitutional amendment establishes the Local Investment Fund (the "Fund") and provides that, beginning in Fiscal Year 2017-2018, the lesser of (1) \$500 million or (2) 15.625% of the total state sales and use tax revenues generated during the second immediately preceding fiscal year at the rates and bases existing as of June 30, 2015, as certified by the Revenue Estimating Conference as actual collections no later than December 31 of the immediately preceding calendar year, shall be allocated from the state general fund to the Fund.

Proposed constitutional amendment provides that the Fund shall be distributed annually as provided by law solely on the basis of the total assessed value of other property as classified under Article VII, Section 18 of the constitution in each parish in proportion to the total assessed valuation of other property as classified under Article VII, Section 18 of the constitution throughout the state; and that, after deductions in each parish for retirement systems and commissions as authorized by law, the remaining funds, to the extent available, shall be distributed to the tax recipient bodies within the parish in Orleans Parish by the city treasurer of New Orleans and in all other parishes by the parish tax collector, who shall disburse the funds in accordance with a schedule prepared by the parish assessor as provided by law, to help offset a portion of the revenue loss due to the inventory and vessels exemptions and that, for distribution allocation purposes, other property as classified under

Article VII, Section 18 of this constitution shall include exempted inventory and vessels.

Present constitution requires all property subject to ad valorem property taxation to be reappraised and valued at intervals of not more than four years.

Present constitution provides that the total amount of ad valorem property taxes collected by any taxing authority in the year in which property is reappraised and revalued shall not be increased or decreased because of a reappraisal or valuation above or below the total amount of ad valorem taxes collected by that taxing authority in the year preceding implementation of the reappraisal and valuation.

Present constitution provides that the governing authority of the issuing political subdivision shall levy and collect or cause to be levied and collected on all taxable property in the political subdivision ad valorem taxes sufficient to pay principal and interest and redemption premiums, if any, on such bonds as they mature.

Proposed constitutional amendment provides that distributions from the Fund shall be considered by taxing authorities to be ad valorem taxes collected and to be collected and shall be taken into account when setting millage rates; and that bond millages levied to service general obligation bonds under the authority of Article VI, Section 33(B) of the constitution or any other constitutional or statutory authority for the issuance of general obligation bonds shall share in the distributions from the Fund.

Proposed constitutional amendment provides that a political subdivision, as defined by Article VI of this constitution, may incur debt by issuing negotiable bonds and may pledge for the payment of all or part of the principal and interest of such bonds the proceeds derived or to be derived from that portion of the funds received by it from the Fund.

Proposed constitutional amendment prohibits monies in the Fund from being used or appropriated for other purposes when adjustments are made to eliminate a state deficit.

Specifies submission of the amendment to the voters at the statewide election to be held on November 18, 2016.

Effective January 1, 2017.

(Amends Art. VII, Sec. 4(A); adds Const. Art. VII, Secs. 10(F)(4)(h), 10.15 and 21(C)(20) and (21))